Class

BUSI 521: Asset Pricing Theory and ECON 505: Financial Economics I
1:00-2:30 Tu-Th, Room 316 McNair Hall

Instructor

Kerry Back
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Textbook

Asset Pricing and Portfolio Choice Theory, Second Edition. This is a forthcoming book. Hard copies of the first two parts of the book are being distributed to your mailboxes.

Course Description

This course is a survey of asset pricing and portfolio choice theory. We want to understand how investors should and do allocate their funds across different assets, and we want to understand equilibrium asset prices and expected returns. We will start with simple models, discuss the ways in which these models do or do not fit the data, and then discuss more general models that may fit the data better. We will work with single-period models, discrete-time models, and continuous-time models.

Grades will be based 10% on individual homework assignments, 40% on a mid-term exam, and 50% on a final exam. The mid-term exam will be on February 25, and the final exam will be on April 28. The assignments will be drawn from the exercises at the ends of the chapters. Assignments will generally be due each Tuesday of the semester. They will consist of recommended questions and graded questions. It is

essential that you read prior to class, ask questions in class, and work diligently on the homework assignments.

Link to Slides on Dropbox

Honor Code

The Rice University Honor Code applies to all work in this course. The intent of the Honor Code in general and specifically in this course is to ensure that each student claims and receives credit for their own efforts. The intent is not to limit the valuable exchange of ideas through discussion among fellow students. The atmosphere at Rice University and the Jones School must be one of academic and personal integrity. Any suspected violations of the Honor Code are submitted to the Rice University Honor Council.

Disability Accommodations

Any student with a disability requiring accommodations in this class should contact me after contacting the Disabled Student Services office.